



# 3Q 2019 Financial Results

1 Jul 2019 to 30 Sep 2019

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4 November 2019



# Important Notice

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# Contents

- 01 Key Highlights
- 02 Financial Highlights
- 03 Portfolio Performance
- 04 Looking Forward
- 05 Appendix: U.S. Outlook
- 06 Appendix: Latest Acquisition – Capitol
- 07 Appendix: About MUST

# Key Highlights



NPI YTD Sep 2019 increased **23.5%** YoY to **US\$80.5 m**



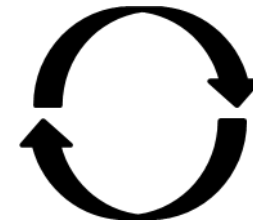
DPU YTD Sep 2019 increased **11.9%** YoY to **4.52 US Cents**



AUM increased **20.4%** YoY to **US\$2.1 b<sup>1</sup>**



Completed the acquisition of Capitol for **US\$198.8 m** on 29 Oct 2019



Refinanced Figueroa **3.25%** and financed Capitol **3.04%** at Trust-level for over 5 years



Long WALE of **6.0 Years** and high occupancy of **97.3%**

(1) Includes the acquisition of Capitol on 29 Oct 2019 (U.S. Time)

Gross Borrowings  
**US\$729.1 m**

Gearing Ratio  
**36.3%<sup>1</sup>**

Weighted Ave. Interest Rate  
**3.43%**

Weighted Ave. Debt Maturity  
**2.8 years**

Interest Coverage  
**3.8 times<sup>2</sup>**

02

## Financial Highlights

Data as at 30 Sep 2019

(1) Based on gross borrowings as percentage of total assets

(2) Based on net income before finance expenses, taxes and net fair value change in investment properties and derivatives over finance expenses



# YTD Sep 2019 DPU Increased by 11.9%

|  | 3Q 2019<br>(US\$'000) | 3Q 2018<br>(US\$'000) | Change<br>(%) | YTD Sep 2019<br>(US\$'000) | YTD Sep 2018<br>(US\$'000) | Change<br>(%) |
|--|-----------------------|-----------------------|---------------|----------------------------|----------------------------|---------------|
| <b>Gross Revenue</b>                           | 45,732                | 40,379                | ▲ 13.3        | 129,071                    | 104,053                    | ▲ 24.0        |
| <b>Net Property Income</b>                     | 28,123                | 25,147                | ▲ 11.8        | 80,465                     | 65,174                     | ▲ 23.5        |
| <b>Distributable Income</b>                    | 20,753                | 19,257                | ▲ 7.8         | 60,720                     | 51,395                     | ▲ 18.1        |
| <b>DPU (US cents)</b>                          | 1.48 <sup>1</sup>     | 1.51                  | ▼ (2.0)       | 4.52                       | 4.04 <sup>2</sup>          | ▲ 11.9        |
| <b>Adjusted DPU<sup>3</sup><br/>(US cents)</b> | 1.48                  | 1.52                  | ▼ (2.6)       | 4.52                       | 4.53 <sup>4</sup>          | ▼ (0.2)       |

(1) The DPU for 3Q 2019 comprises distributable income for the period from 1 Jul 2019 to 29 Sep 2019 over 1,401,067,898 Units and distributable income for 30 Sep 2019 over enlarged Unit base of 1,565,248,428 Units, which resulted from the issuance of Capitol Private Placement Units and Capitol Preferential Offering Units on 30 Sep 2019 and 18 Oct 2019 respectively, to partially finance the acquisition of Capitol

(2) The distributable income for YTD Sep 2018 was calculated based on the enlarged Unit base, which resulted from the preferential offering to partially fund Penn and Phipps acquisitions under which 227,935,981 Units were issued on 20 Jun 2018. As such, there was a drag on YTD Sep 2018 DPU due to issuance of the Penn and Phipps Preferential Offering Units while income contribution from Penn and Phipps properties was only from 22 Jun 2018 to 30 Sep 2018

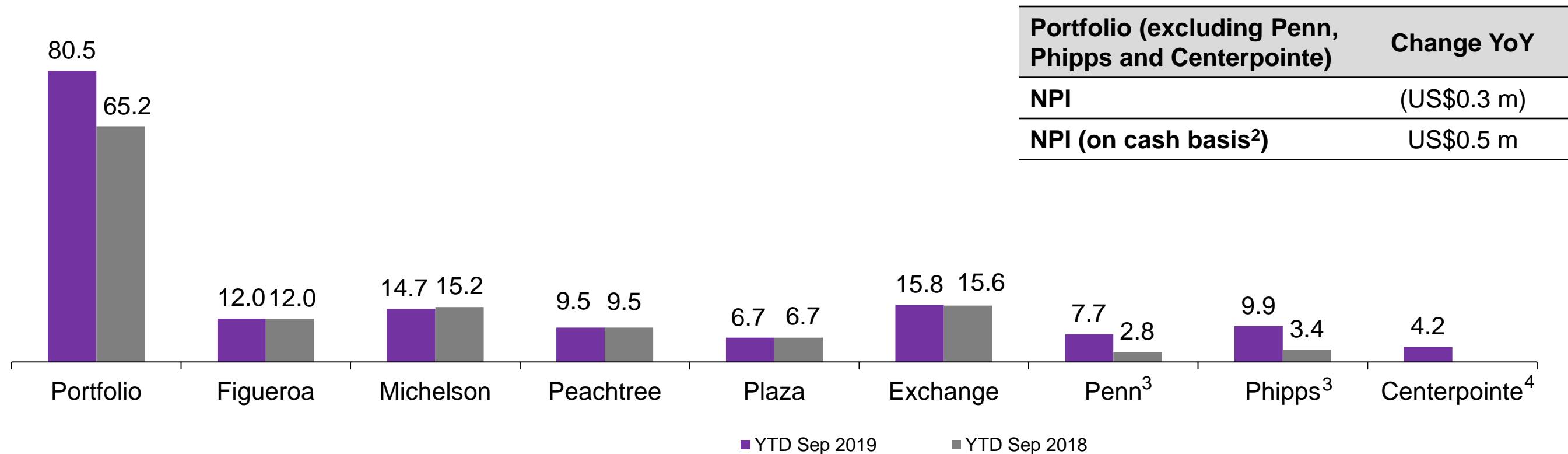
(3) Adjusted DPU was calculated based on the weighted average number of Units in issue

(4) Adjusted DPU normalises the impact of enlarged Unit base resulting from the Penn and Phipps Preferential Offering Units on YTD Sep 2018 DPU

# Delivering Robust Income through Fortified Portfolio

## Diversified and Stable Net Property Income

NPI<sup>1</sup> (US\$ m)



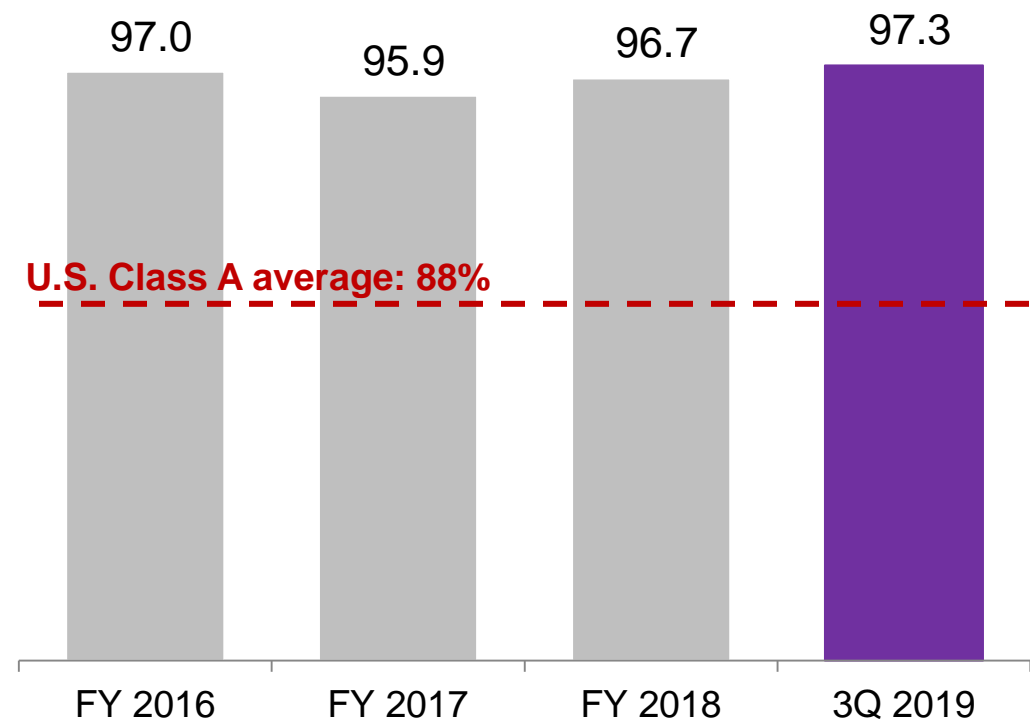
| Portfolio (excluding Penn, Phipps and Centerpointe) | Change YoY  |
|---|-------------|
| NPI   | (US\$0.3 m) |
| NPI (on cash basis <sup>2</sup> )                   | US\$0.5 m   |

- (1) NPI reported on financial statements includes non-cash accounting items such as straight line rent adjustment and the amortisation of tenant improvement allowances, free rent and leasing commissions incentives
- (2) NPI (on cash basis) excludes non-cash accounting items and includes free rent reimbursements provided by the vendors of properties to MUST
- (3) Penn and Phipps were acquired on 22 Jun 2018 (U.S. Time). Please refer to SGX announcement dated 25 Jun 2018 on completion of acquisition
- (4) Centerpointe was acquired on 10 May 2019 (U.S. Time). Please refer to SGX announcement dated 13 May 2019 on completion of acquisition

# Growing and Diversifying Responsibly to AUM US\$2.1 b

## Solid Portfolio with High Occupancy

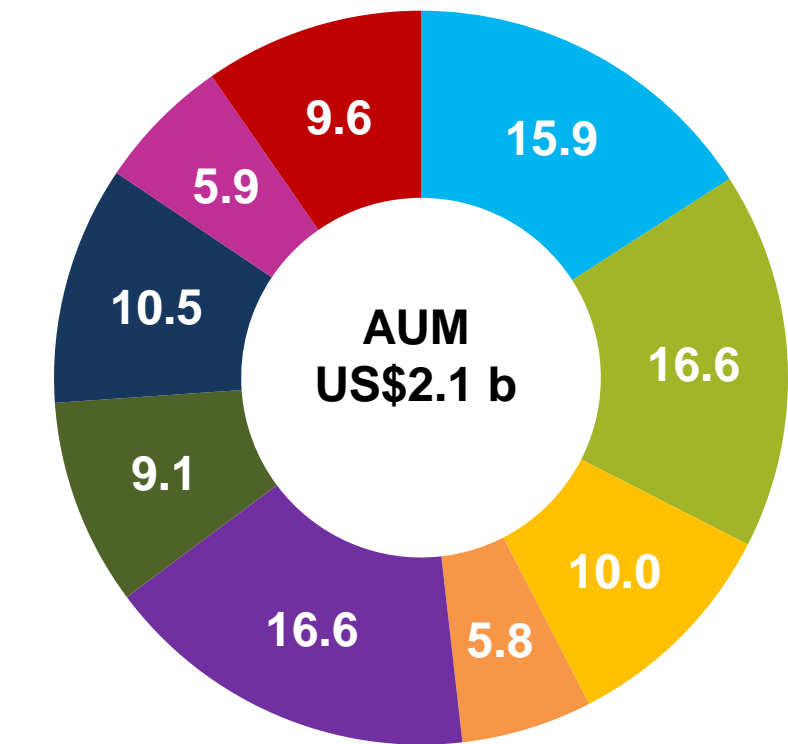
Occupancy (%)



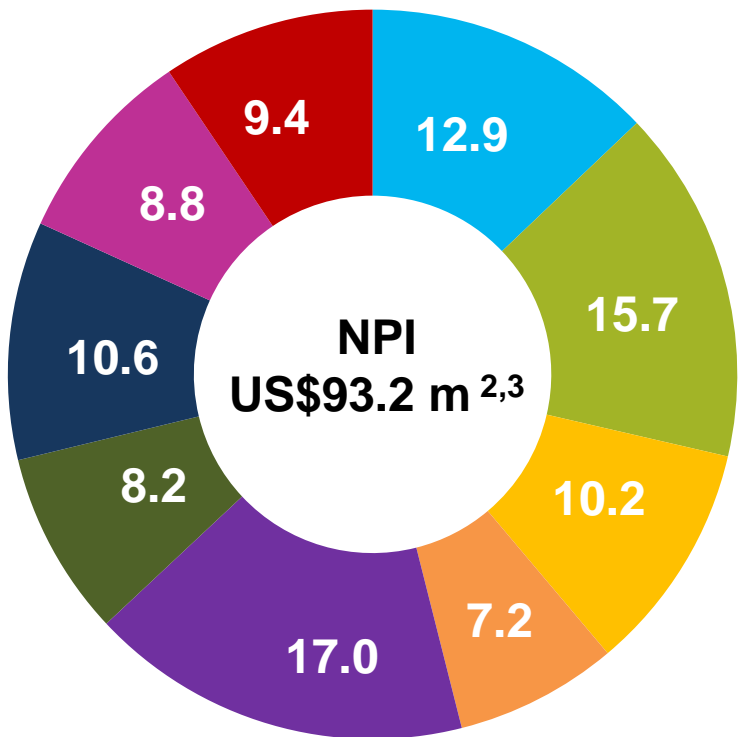
Data as at 30 Sep 2019  
Source: CoStar Market Analysis & forecast – 1 Oct 2019

## Sustainable Income through Fortified Portfolio

AUM by Property (%)<sup>1</sup>



NPI YTD Sep 2019 by Property (%)<sup>1</sup>



■ Figueroa ■ Michelson ■ Peachtree ■ Plaza ■ Exchange ■ Penn ■ Phipps ■ Centerpointe ■ Capitol

- (1) Includes acquisition of Centerpointe completed on 10 May 2019 (U.S. time) and Capitol completed on 29 Oct 2019 (U.S. time)
- (2) NPI for Centerpointe was extrapolated based on actual results (for the period 10 May to 30 Sep 2019) to full period YTD Sep 2019
- (3) NPI for Capitol was based on 1H 2019 Pro Forma and was extrapolated to full period YTD Sep 2019




# Strong Balance Sheet

|   | As at 30 Sep 2019    |
|---|----------------------|
| Investment Properties (US\$'000)                  | 1,879,346            |
| Total Assets (US\$'000)                           | 2,010,008            |
| Borrowings (US\$'000)                             | 724,574 <sup>1</sup> |
| Total Liabilities (US\$'000)                      | 835,496              |
| Net Assets Attributable to Unitholders (US\$'000) | 1,174,512            |
| Units in Issue and to be Issued                   | 1,495,887,723        |
| NAV per Unit (US\$)                               | 0.79                 |
| Adjusted NAV per Unit (US\$)                      | 0.79 <sup>2</sup>    |

(1) Net of upfront debt related unamortised transaction costs of US\$4.5 m

(2) Excluding distributable income

| Distribution Per Unit (DPU) (US cents) | 3Q 2019     |
|--|-------------|
| Advanced DPU (1 Jul to 29 Sep 2019)    | 1.47        |
| DPU (30 Sep 2019)                      | 0.01        |
| <b>Total DPU</b>                       | <b>1.48</b> |

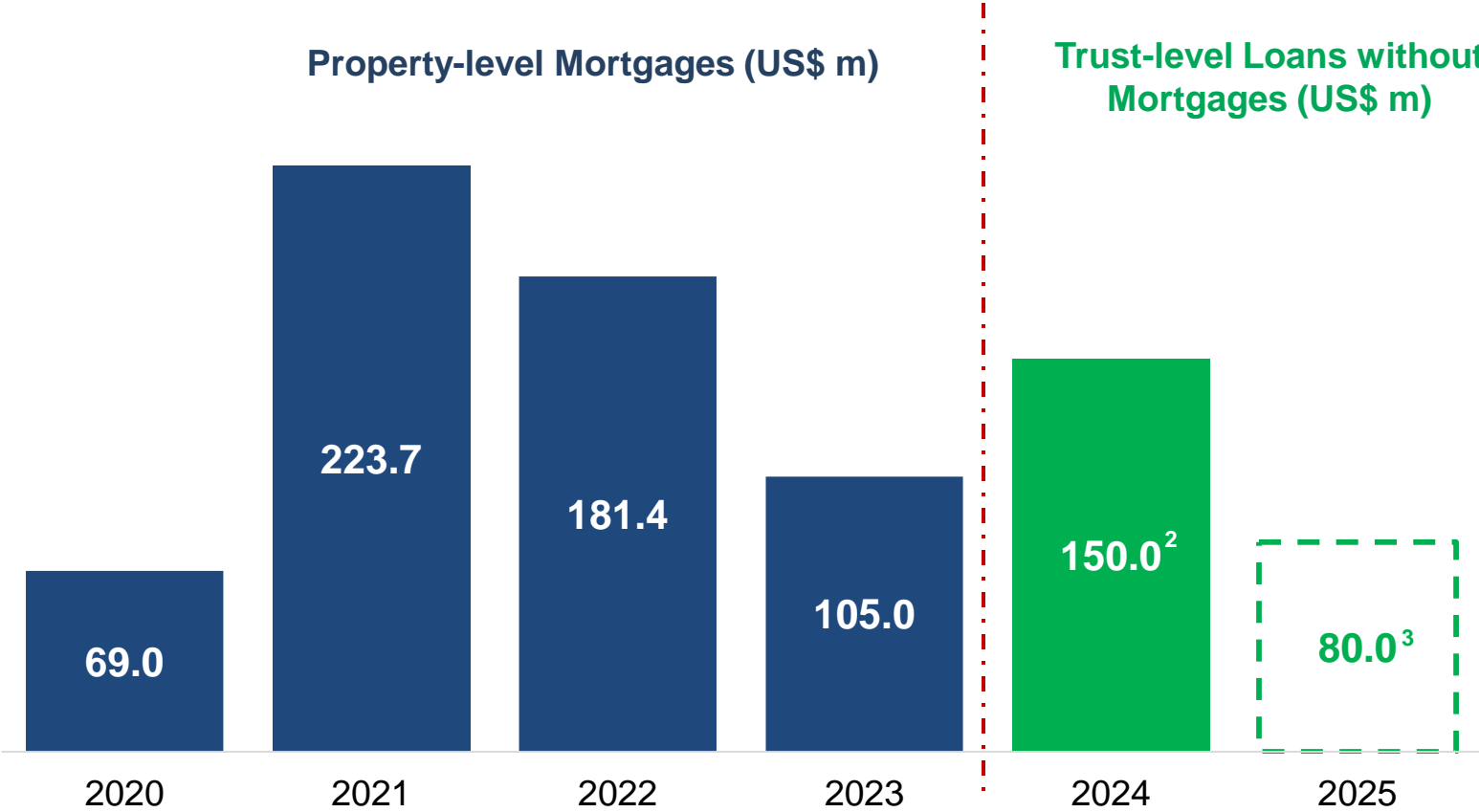
|  |   |
|--|---|
| <p>Advanced DPU</p>  <p><b>1.47 US Cents</b></p> <p><i>For period 1 Jul 2019 to 29 Sep 2019</i></p> | <p>Ex-Distribution Date<br/><b>26 Sep 2019</b></p> <p>Book Closure Date<br/><b>27 Sep 2019</b></p> <p>Payment Date<br/><b>29 Nov 2019</b></p> |
|--|---|

# Proactive Capital Management

31.4%<sup>1</sup> of Portfolio Unencumbered while Credit Metrics Improved

Property-level Mortgages (US\$ m)

Trust-level Loans without Mortgages (US\$ m)



|                |      |       |       |       |       |      |
|----------------|------|-------|-------|-------|-------|------|
| Expiry Profile | 8.5% | 27.7% | 22.4% | 13.0% | 18.5% | 9.9% |
|----------------|------|-------|-------|-------|-------|------|

| Credit Metrics                 | 30 Sep 2019 | Post Capitol       |
|--------------------------------|-------------|--------------------|
| Weighted Average Interest Rate | 3.43%       | 3.39%              |
| Weighted Average Debt Maturity | 2.8 years   | 3.1 years          |
| Portfolio Unencumbered         | 24.1%       | 31.4% <sup>1</sup> |
| Fixed Rate Loan                | 95.5%       | 96.8%              |
| Gearing <sup>4</sup>           | 36.3%       | 37.4%              |

Data as at 30 Sep 2019

(1) Represents fair value of properties that have no mortgage loan over total fair value of property portfolio (including Capitol at purchase price announced on 19 Sep 2019)

(2) Consists of US\$33.0 m term loan funding Centerpointe acquisition, US\$110.0 m term loan and US\$7.0 m revolving credit facilities funding the refinancing of Figueroa mortgage and associated professional and bank upfront fees

(3) Consists of US\$80.0 m drawn on 25 Oct 2019 to partly fund Capitol acquisition and part of capital and leasing costs in 4Q 2019

(4) Post Capitol gearing of 37.4% takes into account debt financing of US\$80.0 m drawn to partly fund Capitol acquisition and part of capital and leasing costs in 4Q 2019



AUM  
**US\$2.1 b<sup>1</sup>**

Occupancy  
**97.3%**

WALE  
**6.0 years**

Leases Executed  
**~400k sq ft**

Rental Escalation  
**1.9% p.a.**



# Portfolio Performance

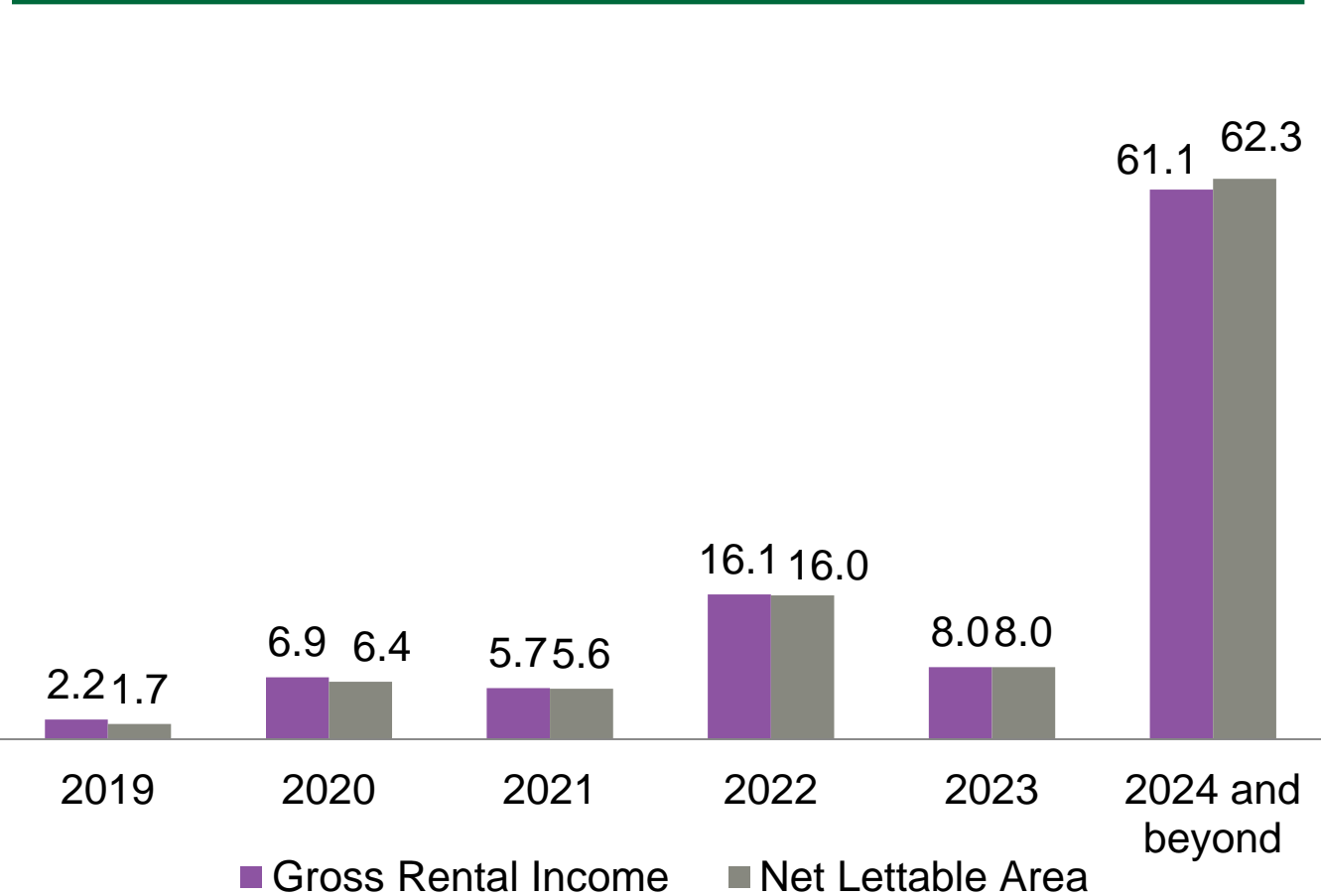
Data as at 30 Sep 2019  
(1) Includes the acquisition of Capitol on 29 Oct 2019 (U.S. Time)



# Strong Leasing Momentum with High-Quality Tenants

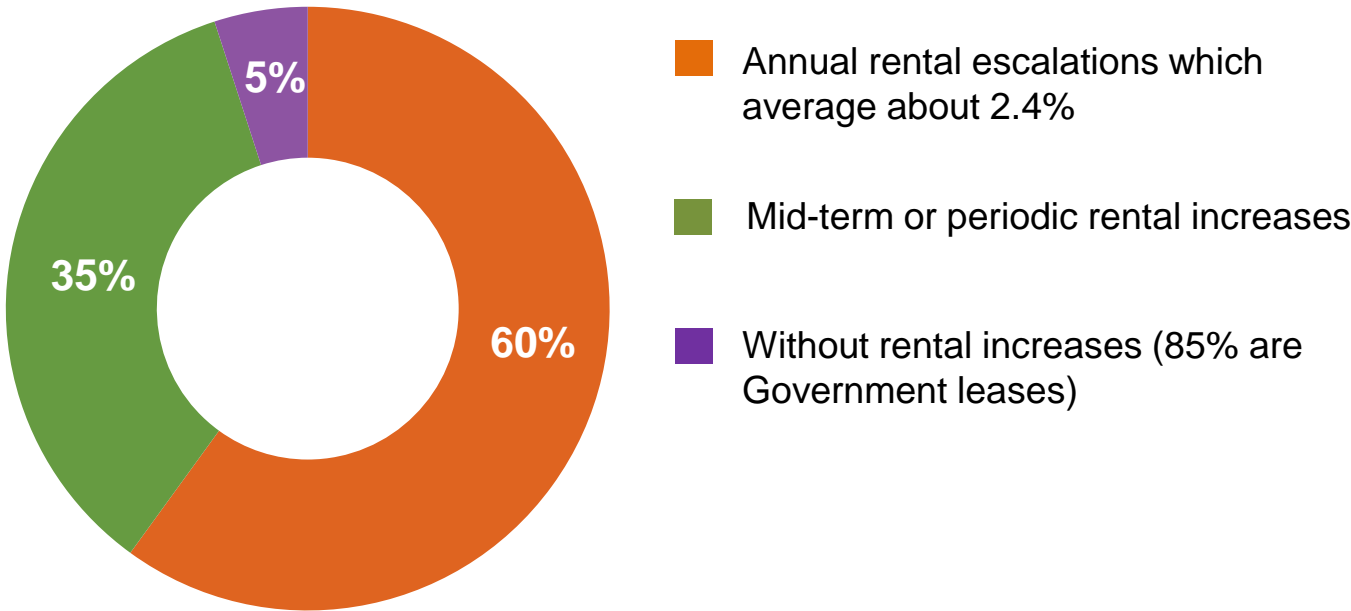
Executed ~400,000 sq ft of leases YTD with Positive Rental Reversions and Long WALE of 8.5 years

Lease Expiry Profile as at 30 Sep 2019 (%)



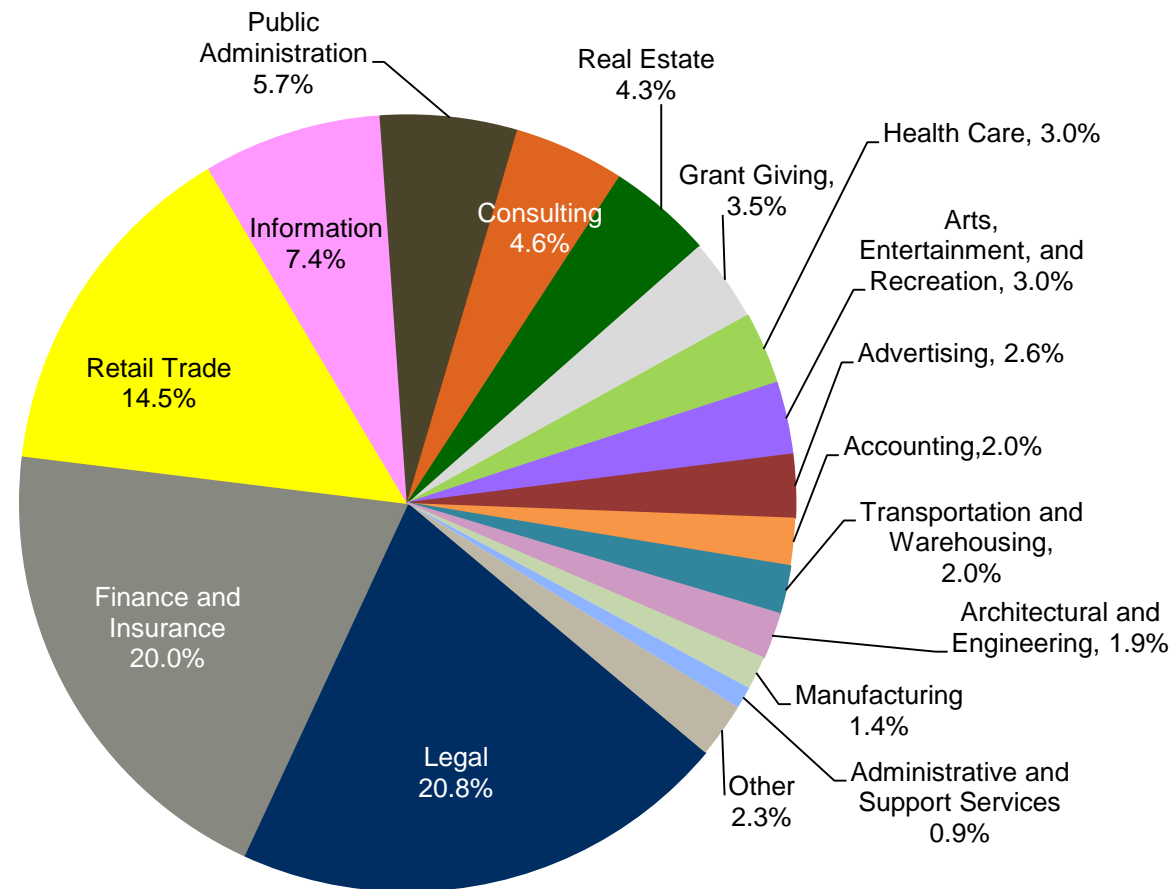
Portfolio Rental Escalations as at 30 Sep 2019

- Portfolio rental escalations of 1.9% p.a.
- 95% of leases by GRI have rental escalation



# High-Quality, Diversified Tenant Base Solidifies Portfolio

**Trade Sector by Gross Rental Income (GRI)**



**Top 10 Tenants by Gross Rental Income (GRI)**

| Tenant                      | Sector                | NLA (sq ft)      | % of GRI     |
|-----------------------------|-----------------------|------------------|--------------|
| The William Carter Co.      | Retail Trade          | 304,013          | 6.6%         |
| TCW Group                   | Finance and Insurance | 188,835          | 4.5%         |
| Kilpatrick Townsend         | Legal                 | 206,226          | 4.4%         |
| The Children's Place        | Retail Trade          | 197,949          | 3.9%         |
| US Treasury                 | Public Administration | 120,324          | 3.7%         |
| United Nations Foundation   | Grant Giving          | 94,988           | 3.6%         |
| Quinn Emanuel Trial Lawyers | Legal                 | 126,505          | 3.3%         |
| Hyundai Motor Finance       | Finance and Insurance | 97,587           | 3.2%         |
| Amazon                      | Retail Trade          | 129,259          | 3.2%         |
| Chubb                       | Finance and Insurance | 101,858          | 2.5%         |
| <b>Total Top 10 Tenants</b> |                       | <b>1,567,544</b> | <b>38.9%</b> |

Data as at 30 Sep 2019

Note: Amounts may not sum to 100.0% due to rounding

# U.S. Co-Working Space Snapshot

Including Capitol, Co-working (Real Estate Sector) makes up 1.9% of our Portfolio by GRI in 3 Properties

- 1
- Co-working makes up ~1.8% (71.0 million sq ft) of office space in U.S.
  - Top 10 Co-working operators account for 64% of the 71.0 million sq ft
  - High concentration in San Francisco (4.0%) and Manhattan (3.6%); London and Shanghai: 6.0%
- 2
- Grown ~26.0% p.a. since 2010; 36.0% growth expected in YE2019
- 3
- Co-working to stay during recession

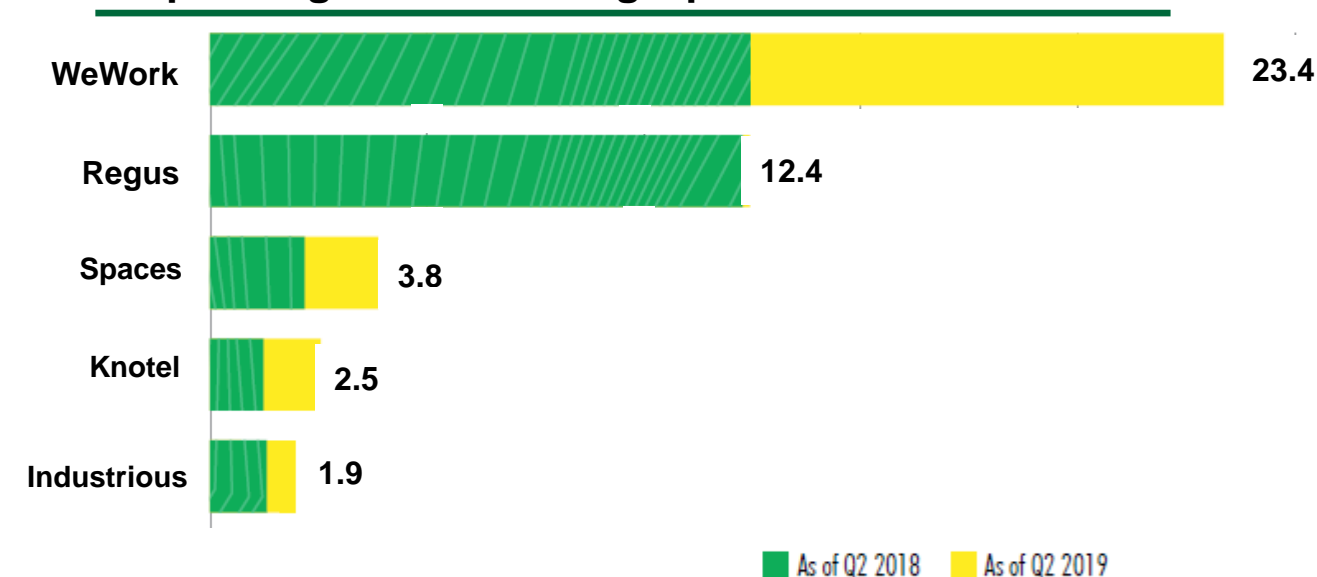
**Dominated by:**

- High-wage markets
- Technology and professional service firms
- Embraced by large corporations

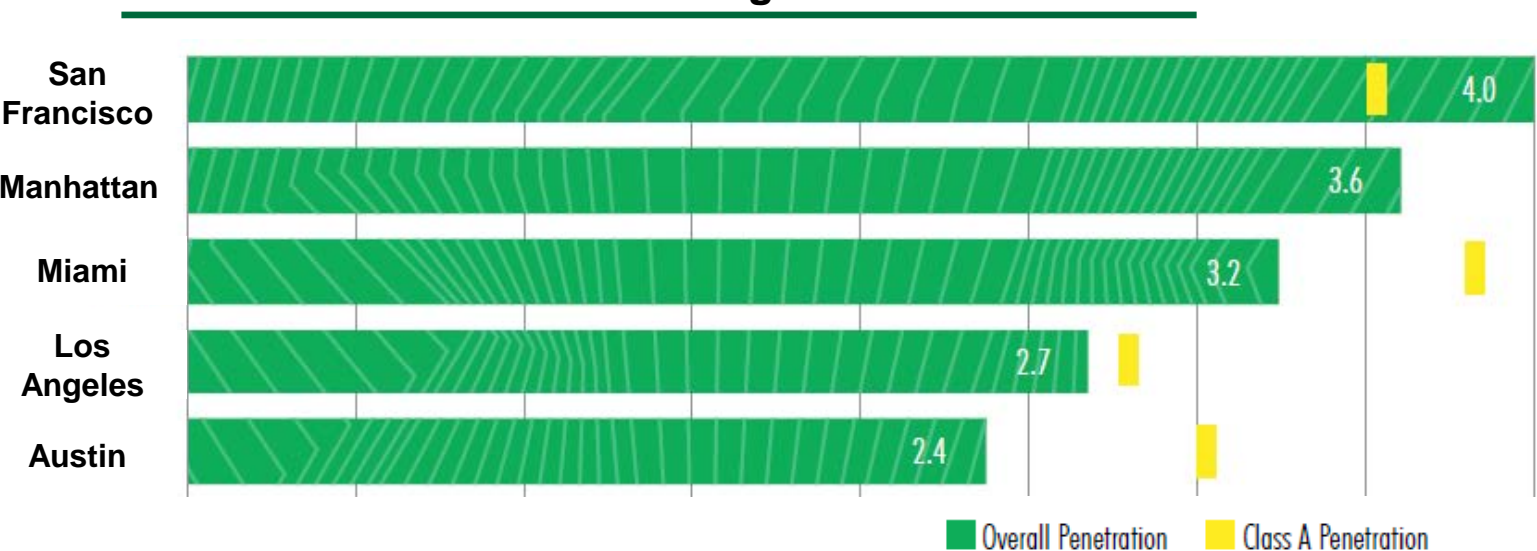
**Motivation:**

- Business flexibility
- Reduce capital expenditures
- Participate in creative environment
- Access innovation/start-up community

Top 5 Largest Co-working Operators in the U.S.



Most Concentrated Co-working Office Market

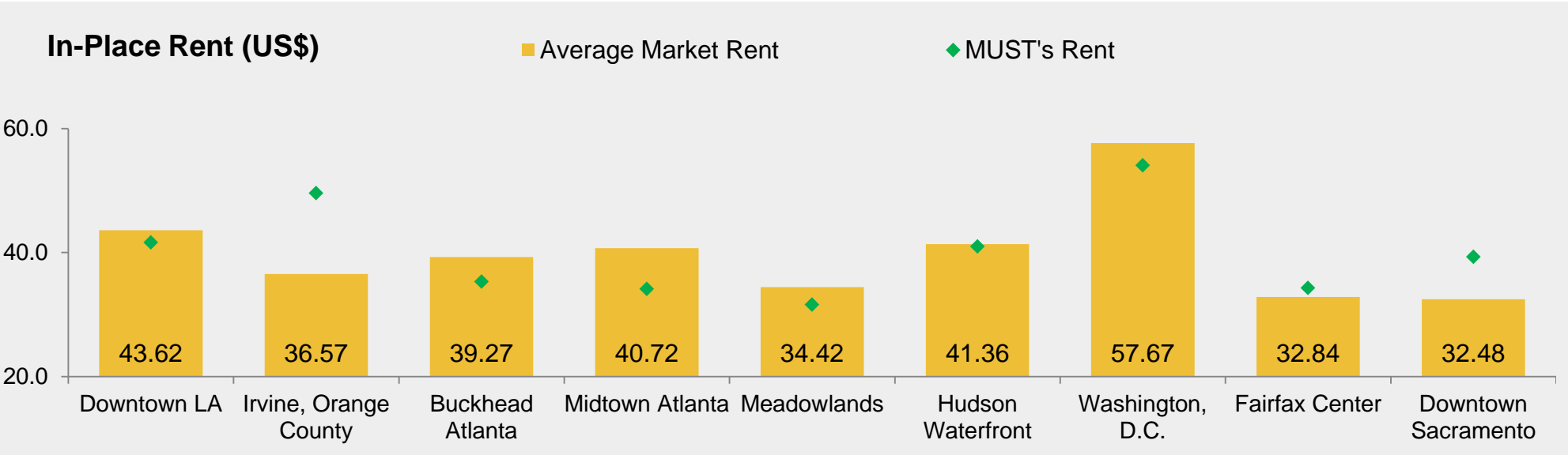




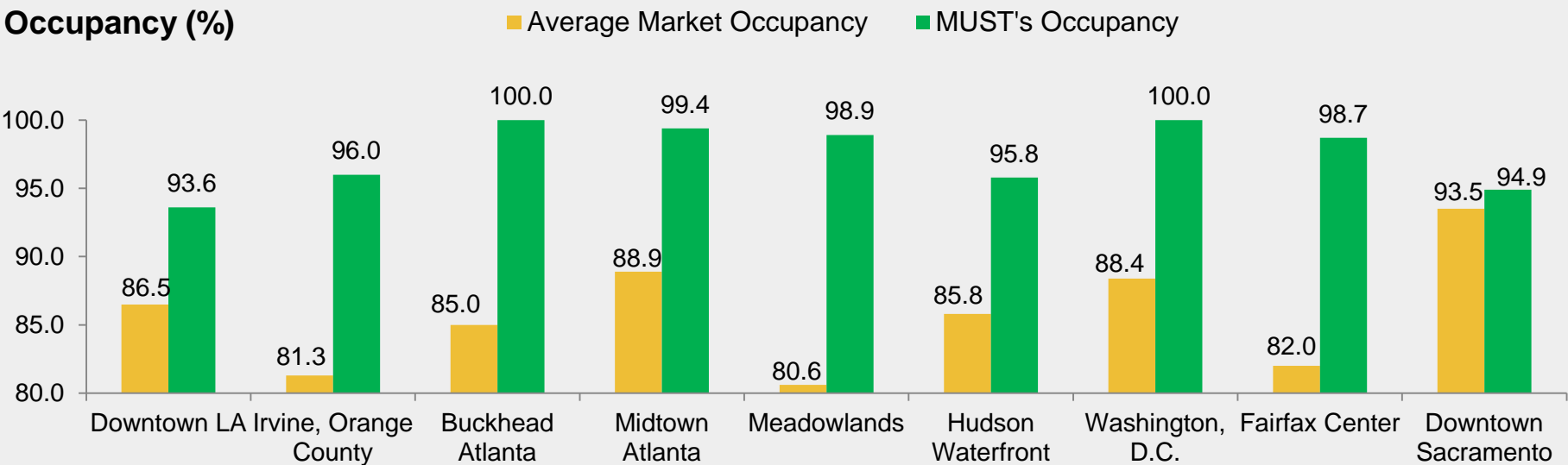
# Strong Growth Markets with Limited Supply

## Rent Growth Potential

- Majority of properties below market rents
- Irvine: Not comparable as data includes Class A while Michelson is a Trophy building
- Fairfax Center: Centerpointe secured 10% - 25% above market rates over past 8 years



## Occupancy (%)



## Best-in-Class Properties Exceed Market Occupancies

- Limited supply in all cities
- Meadowlands: Vacancy includes old/incomparable buildings. Plaza's competitive set has ~5% vacancy rate
- Fairfax: Supply of quality office product in submarket is limited. Centerpointe's competitive set has ~10% vacancy

Source: CoStar Market Analysis & Forecast – As at 1 Oct 2019

04

# Looking Forward



# Premier Trophy/Class A Assets in Capital Cities and Top MSAs

| MSA               | Median Household Income <sup>1</sup> | Population <sup>2</sup> | Ranked by Population | GDP <sup>3</sup> | Ranked by GDP |
|-------------------|--------------------------------------|-------------------------|----------------------|------------------|---------------|
| U.S.              | 57,652                               | 327,167,434             | -                    | 20,494,100       | -             |
| New York          | 72,205                               | 19,979,477              | 1                    | 1,717,712        | 1             |
| Los Angeles       | 65,331                               | 13,291,486              | 2                    | 1,043,735        | 2             |
| Chicago           | 65,757                               | 9,498,716               | 3                    | 679,699          | 3             |
| Dallas-Fort Worth | 63,870                               | 7,539,711               | 4                    | 535,499          | 4             |
| Houston           | 62,922                               | 6,997,384               | 5                    | 490,074          | 7             |
| Washington        | 97,148                               | 6,249,950               | 6                    | 529,990          | 5             |
| Miami             | 51,758                               | 6,198,782               | 7                    | 344,882          | 12            |
| Philadelphia      | 66,285                               | 6,096,372               | 8                    | 444,975          | 8             |
| Atlanta           | 61,733                               | 5,949,951               | 9                    | 385,542          | 10            |
| Boston            | 81,838                               | 4,875,390               | 10                   | 438,684          | 9             |

(1) Source: 2013 – 2017 American Community Survey Five-year Estimate

(2) Source: U.S. Census Bureau – Population Estimate by MSA: 2018

(3) Source: Bureau of Economic Analysis – Current-Dollar GDP by MSA: 2017

**A Thought Leadership Initiative:**  
This article series is an initiative between  
Manulife US REIT and financial blogger, ProButterfly



**Click to read:**

[Manulife US REIT's Acquisition Journey: How Acquisition Targets are Sieved, Identified and Secured](#)

REITs that have a strong sponsor benefit from the ability to leverage on the sponsor's track record, connections, footprint and investment experience. This benefit is clearly seen in the relationship between Manulife US REIT (SGX:BTOU) and its sponsor The Manufacturers Life Insurance Company (Manulife), part of the Manulife Group.

Manulife US Real Estate Investment Trust (MUST) is a Singapore REIT listed on Singapore Exchange (SGX) since 20 May 2016...





# Growing Thoughtfully – Doing the Right Thing

1

## **Fortify Portfolio with Premier Assets and High Quality Tenant Base**

- AUM increased 20.4% YoY to US\$2.1 b with total of 9 Trophy/Class A assets
- Majority of top 10 tenants are listed/HQ locations
- Long WALE and high occupancy to ride through cycles

2

## **Disciplined Capital Structure**

- Diversified funding sources
- Tripled AUM since IPO while maintaining low gearing of 37.4% post Capitol

3

## **Strong Investor Base with Institutional Investors**

- Institutional investors are the majority
- FTSE EPRA Nareit Index inclusion in sight likely to attract more global and property funds

4

## **Recognised for Corporate Governance and Sustainability**

Accolades from SIAS Investor Choice Awards, GIFT and GRESB





# Manulife US REIT

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*Exchange, Jersey City*



05

# Appendix: U.S. Outlook



# Benefitting from Growth of World's Largest Economy

**1.9%**

3Q 2019  
GDP Growth<sup>1</sup>

**3.5%**

Low unemployment<sup>2</sup>

**470k**

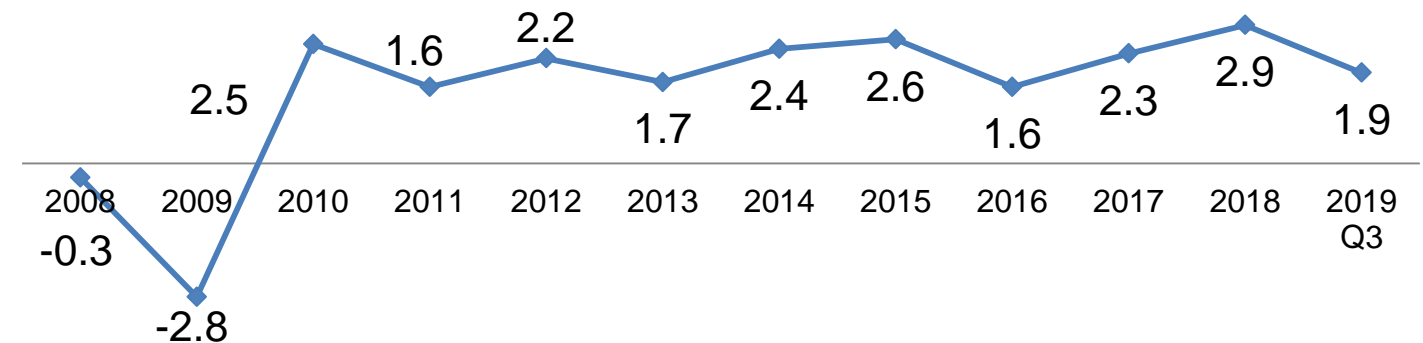
Jobs created  
3Q 2019<sup>2</sup>

**136k**

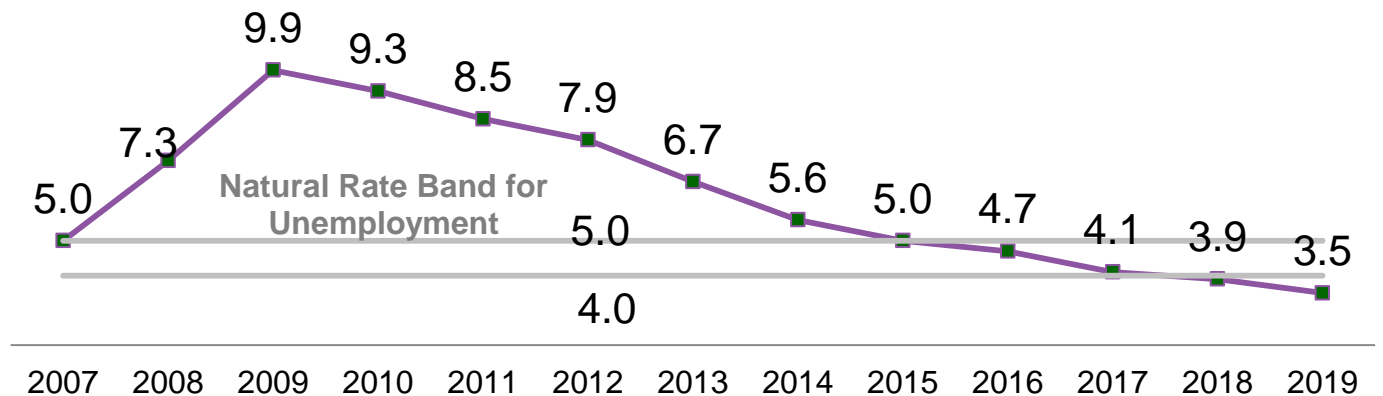
Non-farm jobs  
added in Sep<sup>2</sup>

- In September, the U.S. unemployment rate reached its lowest level since December 1969
- Further interest rate cuts are a possibility

## U.S. GDP Growth (YoY %)<sup>3</sup>



## U.S. Unemployment (%)<sup>4</sup>



(1) Source: U.S. Department of Commerce, Bureau of Economic Analysis as at Oct 2019

(2) Source: U.S. Department of Labor, Bureau of Labor Statistics as at Sep 2019

(3) GDP Growth Rate Source: U.S. Department of Commerce, Bureau of Economic Analysis

(4) Unemployment Rate Source: U.S. Department of Labor, Bureau of Labor Statistics as at Sep 2019

# Favourable U.S. Office Real Estate Outlook

**14.2%<sup>1</sup>**

3Q 2019  
vacancy steady

**+3.6%<sup>1</sup>**

Annual  
increase in rents

**+16.2M<sup>1</sup>**

3Q 2019  
net absorption

**12.0M<sup>1</sup>**

New supply in  
3Q 2019

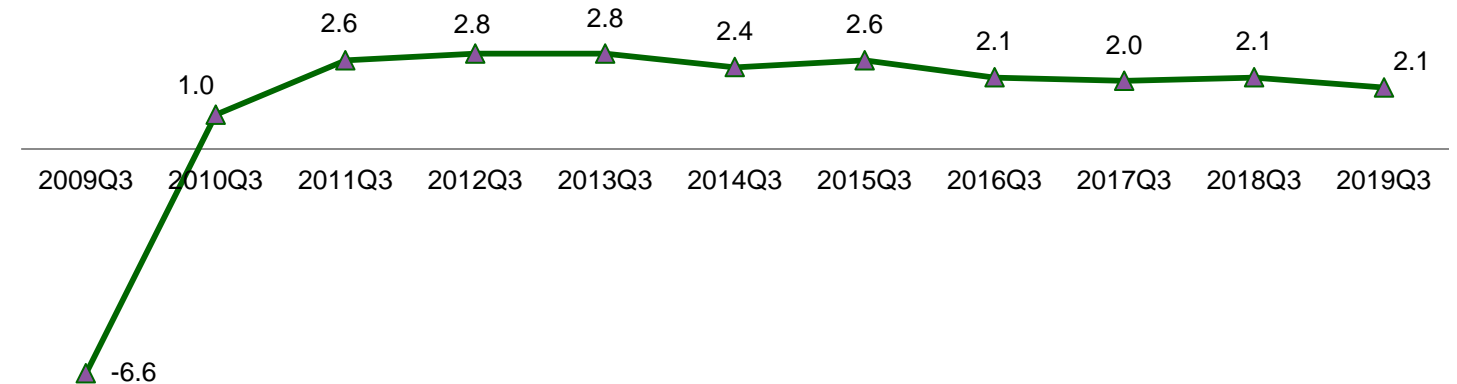
- Absorption dipped QoQ led by WeWork slowdown
- Completions on pace to exceed 60m sq ft, a record for the current cycle

(1) Includes all office as at 30 Sep 2019. Source: JLL U.S. Office Outlook 3Q 2019

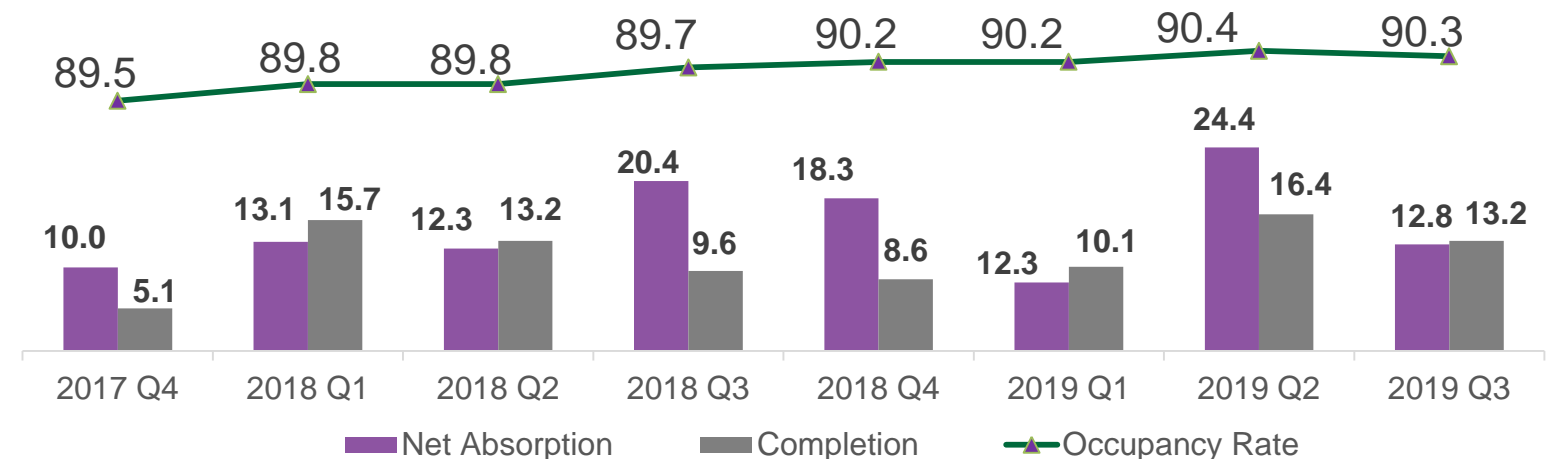
(2) Office employment includes the professional and business services, financial and information service sectors; Source: CoStar Market Analysis & Forecast Reports. Amounts are 12 trailing months

(3) Source: CoStar Market Analysis & Forecast Reports

## U.S. Office Employment (YoY %)<sup>2</sup>



## U.S. Office Net Absorption (m sq ft) and Occupancy (%)<sup>3</sup>



# Located in High GDP Growth and Low Unemployment Markets



(1) Bureau of Economic Analysis – GDP by Metropolitan Area  
(2) US Census – Population by Metropolitan Area (Jul 2018)  
(3) Bureau of Labor Statistics – Unemployment Rates by Metropolitan Area (Aug 2019)



# Located in Cities with Strong Growth Factors and Live, Work, Play Environment



## Downtown Los Angeles

- Surrounded by entertainment venues such as Staples Center, the LA Convention Center and LA Live
- Boom in residential development creates live, work, play environment



## Irvine

- Strong labour pool of senior executives, middle managers and administrative personnel
- CBD of Orange County
- Technology companies include Google, Blizzard Entertainment, Broadcom and Vizio



## Atlanta

- International Gateway – HQ for 15 Fortune 500 Firms
- 10<sup>th</sup> largest economy in U.S.
- 20 minutes from Atlanta Hartsfield-Jackson International Airport – world's busiest airport



## Secaucus

- Affordable office and residential alternative to Manhattan
- Excellent connectivity via public transport and interstate highways
- Surrounded by 1 m sq ft of retail space and sports facilities



## Jersey City

- Located across Hudson River from Manhattan
- Affordable office and residential alternative to Manhattan
- Minutes drive and a quick train ride to Wall Street



## Washington, D.C.

- Nation's capital, government hub, heart of CBD
- Hosts 176 foreign embassies
- HQ for many global firms, trade unions, non-profit companies and professional associations



## Virginia

- Proximity to nation's capital, Washington, D.C.
- Top east coast technology region serving Pentagon, military, Homeland Security and global HQs
- Excellent connectivity via interstate highways
- Amazon HQ2 in Northern Virginia



## Sacramento

- Capital of world's 5<sup>th</sup> largest economy, California
- Economy driven by healthcare, government agencies and tech
- 15-min drive to Sacramento international airport
- Abundant young and highly-educated workforce

# Limited Supply in Our Cities

## Majority of our Properties are Below Market Rents

| 3Q 2019<br>Class A Market      | RBA<br>(mil sq ft) | Vacancy<br>(%)    | Gross<br>Asking Rent<br>(US\$) | Net<br>Absorption<br>(‘000 sq ft) | Net<br>Delivery<br>(‘000 sq ft) | 12 Month<br>Rent<br>Growth <sup>1</sup><br>(%) | New Properties<br>Under<br>Construction<br>(‘000 sq ft) | Delivery Year        |
|--------------------------------|--------------------|-------------------|--------------------------------|-----------------------------------|---------------------------------|--|---|----------------------|
| Downtown Los Angeles           | 41.2               | 13.5              | 43.62                          | (152.2)                           | 0                               | 4.6  | 0   | N/A                  |
| Irvine, Orange County          | 15.4               | 18.7              | 36.57                          | (94.6)                            | 0                               | 1.1  | 0   | N/A                  |
| Buckhead Atlanta               | 16.3               | 15.0              | 39.27                          | 53.3                              | 0                               | 4.7  | 340 <sup>2</sup>  | Q1 2021              |
| Midtown Atlanta                | 17.3               | 11.1              | 40.72                          | 62.5                              | 0                               | 6.4  | 664 <sup>3</sup>  | Q2 2021              |
| Meadowlands <sup>4</sup>       | 3.5                | 19.4 <sup>5</sup> | 34.42                          | 0                                 | 0                               | 0.0  | 0   | N/A                  |
| Hudson Waterfront <sup>6</sup> | 19.1               | 14.2              | 41.36                          | (22.1)                            | 0                               | 0.4  | 0   | N/A                  |
| Washington, D.C.               | 27.7               | 11.6              | 57.67                          | 15.8                              | 0                               | -0.2   | 1,647 <sup>7</sup>                                      | Q4 2019 -<br>Q2 2022 |
| Fairfax Center                 | 4.5                | 18.0              | 32.84                          | 0                                 | 0                               | 3.2  | 0   | N/A                  |
| Downtown Sacramento            | 9.9                | 5.0               | 38.22                          | (7.7)                             | 0                               | 6.8  | 0   | N/A                  |

(1) All building classes

(2) 0% pre-leased

(3) 40% pre-leased

(4) Secaucus is within the Meadowlands submarket

(5) Vacancy and availability include old and incomparable buildings. Plaza's competitive set has ~5% vacancy rate. New construction is not comparative to Plaza

(6) Jersey City is within the Hudson Waterfront submarket

(7) Of the properties under construction, none are directly comparable to Penn

Source: CoStar Market Analysis & Forecast – As at 1 Oct 2019



“THE KAY”

PROXIMITY TO THE CALIFORNIA STATE  
CAPITOL

NEARBY EAST SAC AND  
LAND PARK  
NEIGHBORHOODS

GOLDEN 1 CENTER

400 Capitol

DOWNTOWN COMMONS



CLOSE BY THE R STREET  
CORRIDOR

OLD SACRAMENTO

PROMINENT LOCATION ON CAPITOL  
MALL

06

# Appendix: Latest Acquisition - Capitol



# Overview of 400 Capitol, Sacramento, California

## Top Class A Asset

Tallest in Sacramento, instantly recognisable office tower with best-in-class features

## Iconic Location

Close to California State Capitol and government buildings, set in desirable Live, Work, Play Environment

## 94.9% High Occupancy<sup>1</sup>

44 premier tenants in diversified sectors: legal, finance, state government, co-working, business and consulting services

## Platinum LEED Status

Efficient building system maintained to highest institutional standards



|                               |  |
|-------------------------------|--|
| Description                   | 29-storey top Class A office building, located in Sacramento's CBD       |
| Location                      | 400 Capitol Mall, Sacramento, California                                 |
| Land Tenure                   | Freehold   |
| NLA                           | 500,662 sq ft.   |
| Parking Lots                  | 1,094 parking spaces (6-storey garage)                                   |
| Year of Completion            | 1992 (>US\$12 m capital expenditures and tenant improvements since 2016) |
| Purchase Price <sup>2</sup>   | US\$198.8 m (US\$397.0 per sq ft.)                                       |
| Valuation <sup>3</sup>        | US\$200.5 m  |
| Implied Cap Rate <sup>4</sup> | 7.2%   |
| Occupancy Rate <sup>1</sup>   | 94.9%  |
| WALE by NLA                   | 5.9 years  |
| Tenants                       | 44   |

Data as at 11 Sep 2019

- (1) Committed occupancy has taken into account the renewal of certain tenant's lease effective 1 Oct 2019 and excludes a tenant who has vacated the Property
- (2) Subject to closing and post-closing adjustments in the ordinary course of business
- (3) Based on valuation as of 27 Aug 2019 by Cushman & Wakefield
- (4) Implied cap rate is calculated based on first year net operating income over appraised fair value in the valuation



# >US\$2.0 b Investment Rejuvenating Sacramento, Capital of World's 5th Largest Economy<sup>1</sup>, California

Healthcare Hub, Residential, Hospitality and Retail Projects Driving Economy and Office Market



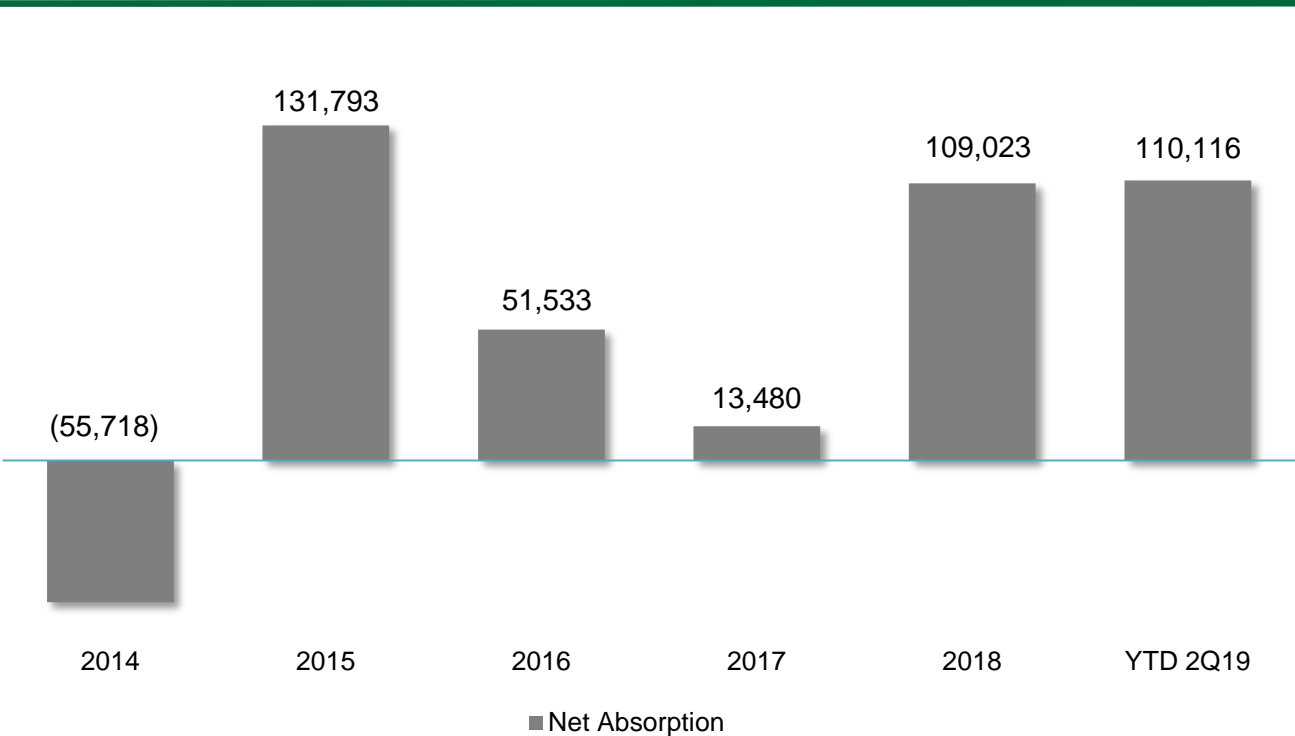
(1) Source: Valuation as of 27 Aug 2019 by Cushman & Wakefield, State of California – Department of Finance, United States Census Bureau – 2013 – 2017 American Community Survey 5-year estimates  
Source: Independent Market Research Report (IMR) as of 1 Sep 2019 by Cushman & Wakefield, City of West Sacramento, Downtown Sacramento



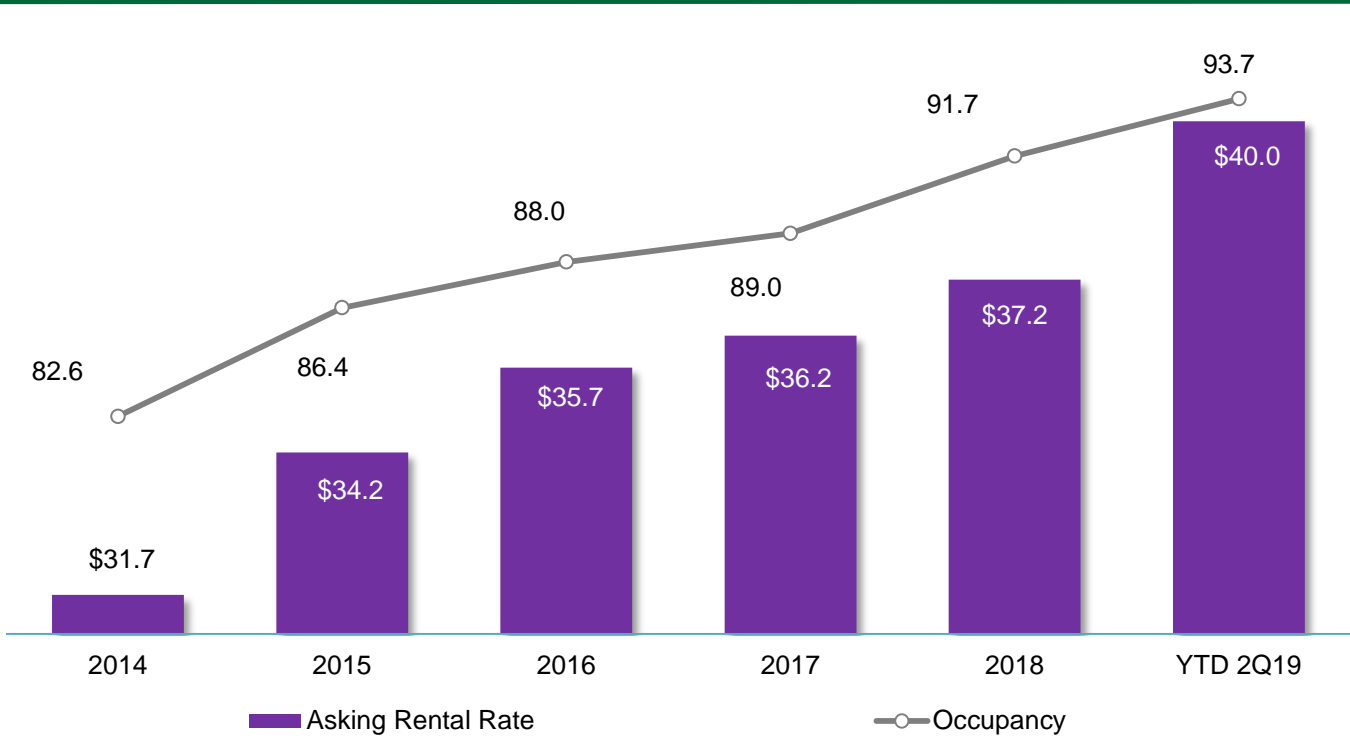
# Thriving Office Market – High Barriers to Entry

- Limited CBD supply with high Class A replacement cost of ~ US\$700 per sq ft
- Competitive micro market has average vacancy of 6.3%<sup>1</sup> vs Class A average vacancy of 11.3%<sup>2</sup>
- Strong growth in economy leading to office demand and robust rent growth

Historical Net Absorption<sup>1</sup> (sq ft)



Historical Asking Rent<sup>1</sup> (US\$ per sq ft) and Occupancy Rate<sup>1</sup> (%)



Source: IMR as of 1 Sep 2019 by Cushman & Wakefield  
(1) Based on average 400 Capitol's competitive micro market, which comprises 12 properties (including 400 Capitol) as identified by the Valuer to be the most comparable to 400 Capitol  
(2) For Sacramento Downtown/Midtown submarket Class A properties

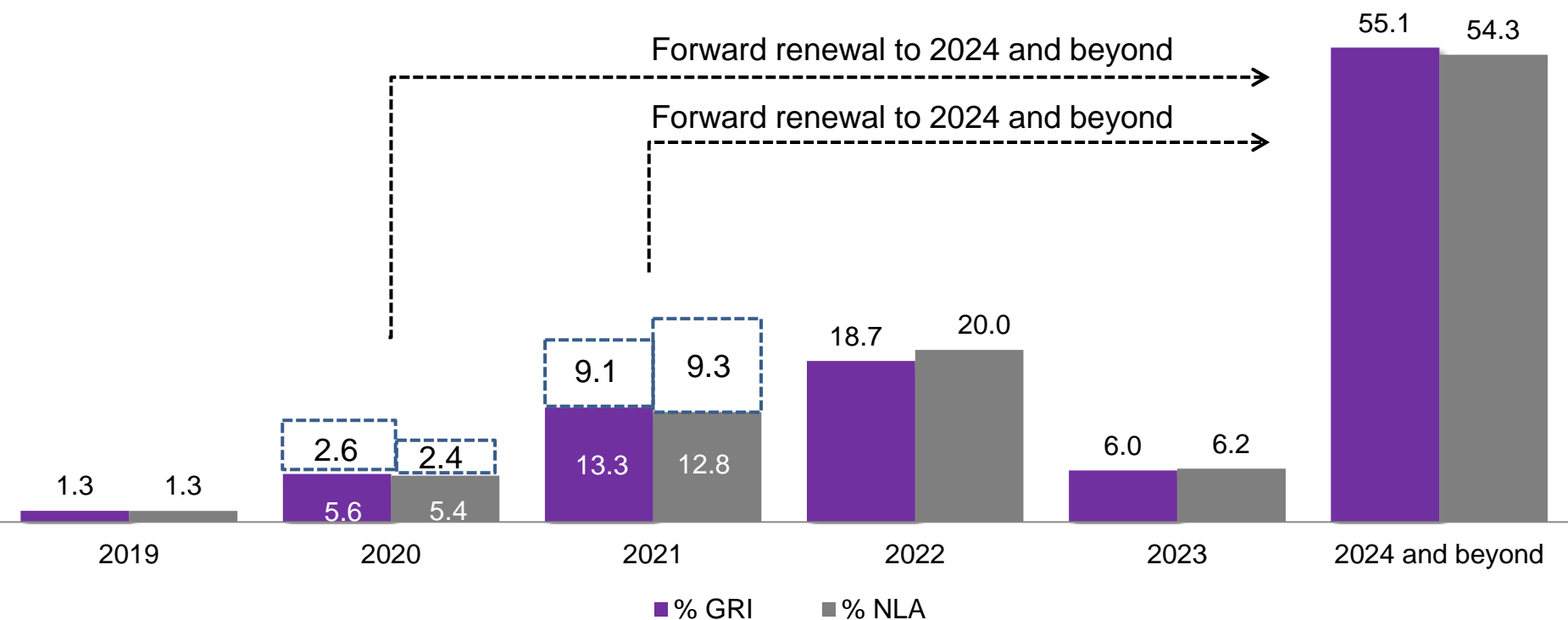


# Strong Occupancy and Long WALE with Upside Potential

- Occupancy of 94.9%<sup>1</sup> with average 2.3% rental escalations p.a.
  - ✓ Retention rate of > 80.0% for expiring leases for last 3 years
- Average in-place rent is up to 11.5% below potential asking rental rate of the property

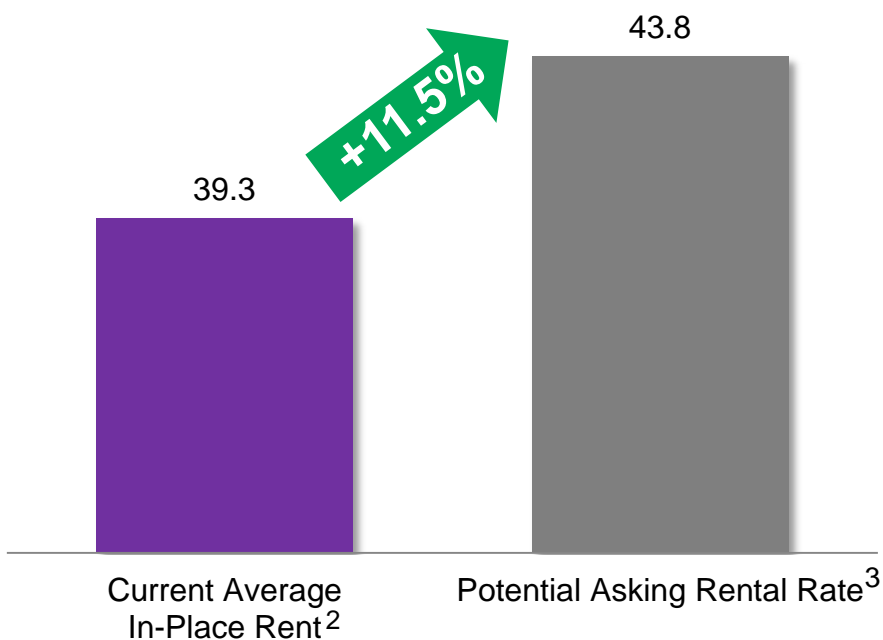
## Long WALE by NLA of 5.9 Years<sup>2</sup>

Lease Expiry Profile of the Property (%)<sup>2</sup>



## Rent Upside of 11.5%

Current Average Rent (US\$ per sq ft.)



(1) Committed occupancy has taken into account the renewal of certain tenant's lease effective 1 Oct 2019 and excludes a tenant who has vacated the Property

(2) Data as at 11 Sep 2019

(3) Potential asking rental rate of the Property is between US\$41.40 to US\$43.80 as per IMR as of 1 Sep 2019 by Cushman & Wakefield

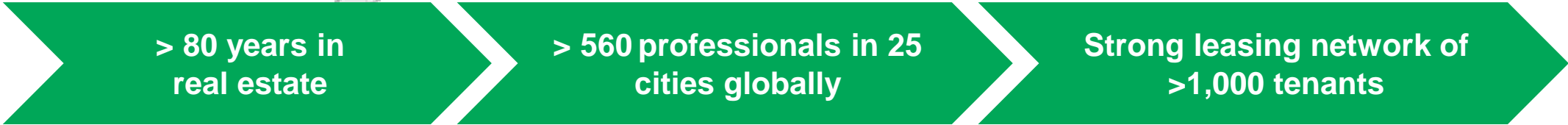
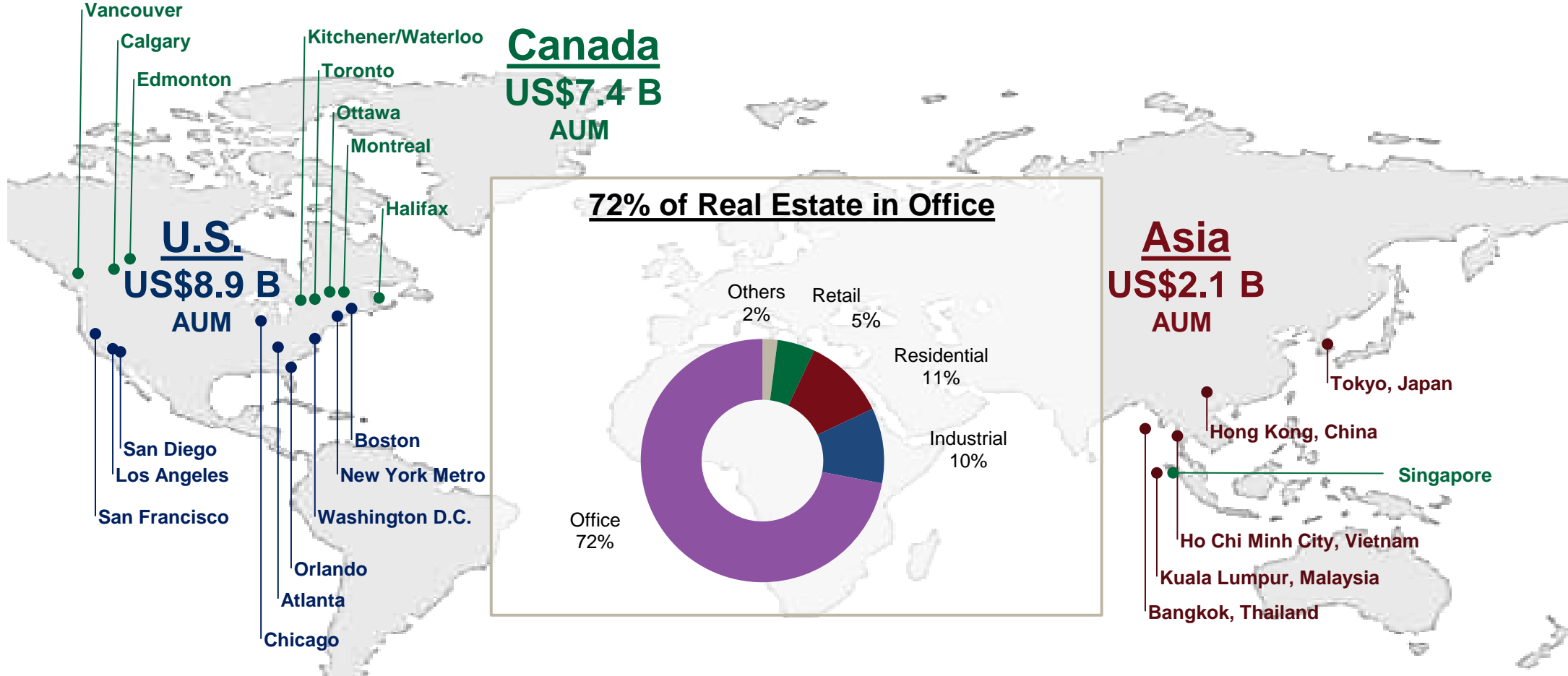






# Supported by Reputable Sponsor with Proven Track Record

Vertically-Integrated Real Estate Platform: Global Real Estate AUM of US\$18.4 b



Note: All AUM in fair value basis as at 30 Jun 2019



# Portfolio Overview

|  | <b>Figueroa</b> | <b>Michelson</b> | <b>Peachtree</b> | <b>Plaza</b> | <b>Exchange</b> | <b>Penn</b>      | <b>Phipps</b>         | <b>Centerpointe</b> | <b>Capitol<sup>2</sup></b> |
|--|-----------------|------------------|------------------|--------------|-----------------|------------------|-----------------------|---------------------|----------------------------|
| <b>Location</b>                            | Los Angeles     | Irvine           | Atlanta          | Secaucus     | Jersey City     | Washington, D.C. | Atlanta               | Virginia            | Sacramento                 |
| <b>Property Type</b>                       | Class A         | Trophy           | Class A          | Class A      | Class A         | Class A          | Trophy                | Class A             | Class A                    |
| <b>Completion Date</b>                     | 1991            | 2007             | 1991             | 1985         | 1988            | 1964             | 2010                  | 1987 / 1989         | 1992                       |
| <b>Last refurbishment</b>                  | 2015            | -                | 2015             | 2016         | -               | 2018             | -                     | 2018                | 2016                       |
| <b>Property Value (US\$ m)<sup>3</sup></b> | 331.3           | 345.2            | 207.2            | 119.8        | 345.5           | 189.1            | 218.4                 | 122.8               | 198.8 <sup>4</sup>         |
| <b>Occupancy (%)</b>                       | 93.6            | 96.0             | 99.4             | 98.9         | 95.8            | 100.0            | 100.0                 | 98.7                | 94.9 <sup>5</sup>          |
| <b>NLA (sq ft)</b>                         | 702,621         | 532,933          | 557,758          | 461,525      | 736,383         | 277,597          | 475,199               | 419,981             | 500,662                    |
| <b>WALE by NLA (years)</b>                 | 3.9             | 5.9              | 5.0              | 6.7          | 7.0             | 5.0              | 8.4                   | 6.4                 | 5.9                        |
| <b>Land Tenure</b>                         | Freehold        | Freehold         | Freehold         | Freehold     | Freehold        | Freehold         | Freehold <sup>1</sup> | Freehold            | Freehold                   |
| <b>No. of Tenants</b>                      | 28              | 15               | 26               | 7            | 23              | 11               | 10                    | 21                  | 44                         |

Data as at 30 Sep 2019

(1) The property is held in a leasehold until the end of 2020 to afford it certain real estate tax advantages but will be converted to a freehold for a nominal sum of US\$100.0 thereafter

(2) Capitol's data as at 11 Sep 2019

(3) Investment properties are stated at fair value based on 30 Jun 2019 appraisals plus capitalisation of capital expenditures and leasing cost (including tenant improvement allowances)

(4) Based on purchase price announced on 19 Sep 2019

(5) Based on committed leases as of 11 Sep 2019

# Tax Advantaged Tax Structure

## ① MUST's tax advantage

- No U.S. corporate taxes (21%)
- No U.S. withholding taxes (30%)
- No Singapore corporate taxes on domestic institutions (17%) or Singapore withholding taxes (10%)
- Minimum taxes paid (1.5% to 2.5% of distributable income)

## ② Stable U.S. tax jurisdictions

## ③ MUST's tax structure supported by 4 strong pillars

| For illustrative purposes only        |                   |                     |                   |
|---------------------------------------|-------------------|---------------------|-------------------|
|                                       | US REIT           | S-REIT <sup>1</sup> | Manulife US REIT  |
| DPU Yield                             | 3.2% <sup>2</sup> | 6.6%                | 6.6% <sup>3</sup> |
| U.S. Withholding Taxes                | (1.0%)            | -                   | -                 |
| Net Yield – Singapore Retail Investor | 2.2%              | 6.6%                | 6.6%              |
| Net Yield – Singapore Institutions    | 2.2%              | 5.5% <sup>4</sup>   | 6.6%              |
| Net Yield – Foreign Institutions      | 2.2%              | 5.9% <sup>5</sup>   | 6.6%              |

Source: Bloomberg

(1) Singapore REIT with Singapore assets only. For illustrative purposes, the DPU yield for S-REIT is assumed to be the same as Manulife US REIT

(2) Weighted average of analyst consensus for FY 2019 distribution yield of 17 Office REITs listed in U.S. as at 25 Oct 2019

(3) Analyst consensus for Manulife US REIT's FY 2019 distribution yield as at 25 Oct 2019

(4) Singapore institutions incur 17% corporate tax on the Singapore sourced income portion of the distribution

(5) Foreign institutions incur 10% corporate tax on the Singapore sourced income portion of the distribution



# Tax Structure

## Predominantly Supported by Four Pillars



### Parent U.S. REIT Structure

- Tax transparency – Dividends distributed are deductible
- Income shielded by interest expense and depreciation



### U.S. Portfolio Interest Exemption Rule

- No 30%<sup>1</sup> withholding tax on interest and principal on shareholder's loan



### Barbados Entities (U.S. Tax Act Dec 2017 Section 267A)

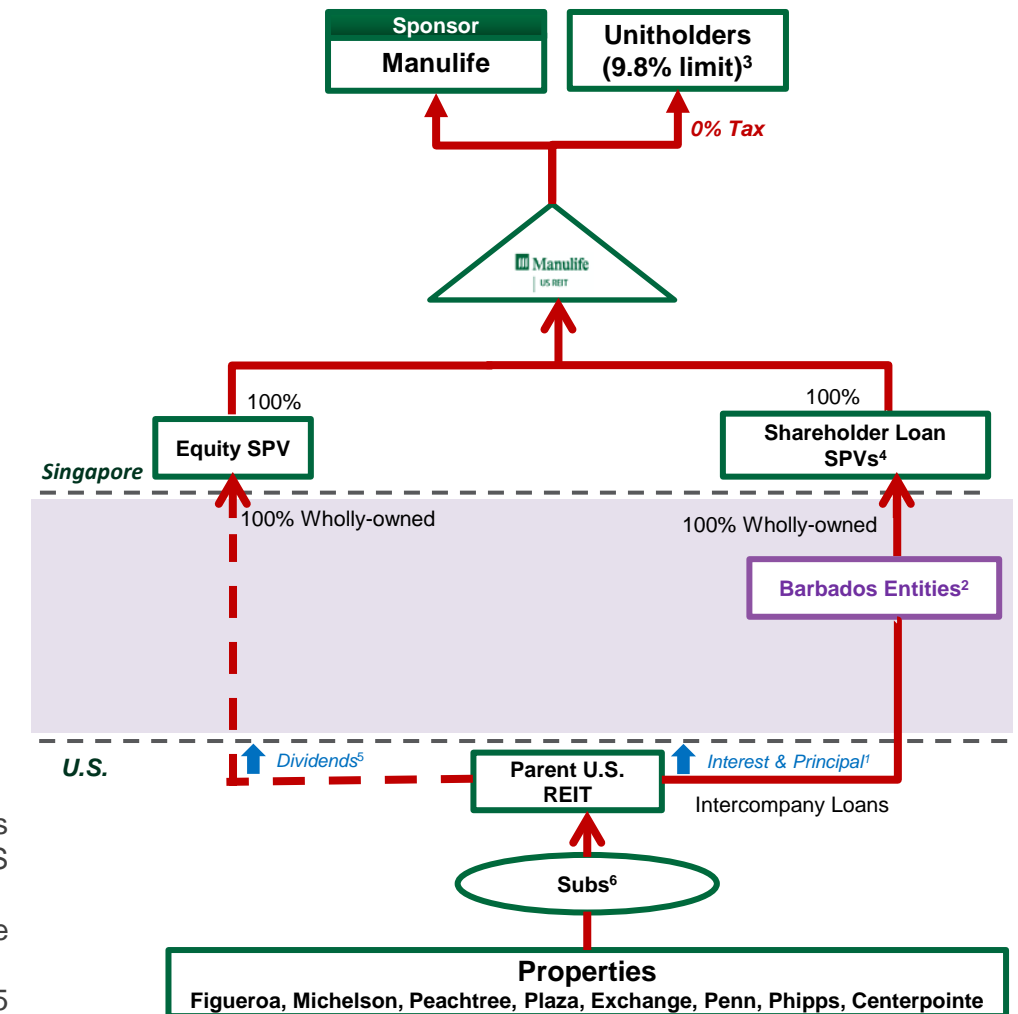
- Barbados limited partnerships<sup>2</sup> are “fiscally transparent”
- Interest income on intercompany loans are taxed in Barbados and principal repayments are not subjected to tax



### Foreign Sourced Income

- Zero tax in Singapore - Foreign sourced income not subject to tax

- (1) Principal repayments are not subject to U.S. withholding taxes. Interest payments are not subject to U.S. withholding taxes assuming Unitholders qualify for portfolio interest exemption and provide appropriate tax certifications, including an appropriate IRS Form W-8
- (2) The Barbados Limited Partnerships have extended intercompany loans to the Parent U.S. REIT and the interest income on the loans is taxed in Barbados
- (3) No single investor to hold more than 9.8% (including the Sponsor) - ‘Widely Held’ (No more than 50% of shares can be owned by 5 or fewer individuals) rule for REITs in U.S. – applies to pillars 1 and 2 above
- (4) There are three wholly-owned Shareholder Loan SPVs, each of which has made equity investments in two wholly-owned Barbados entities which had formed a Barbados Limited Partnership
- (5) Subject to 30% withholding tax
- (6) Each Sub holds an individual property



# Awards and Accolades



## SIAS 20th Investors' Choice Award 2019:



*Singapore Corporate Governance Award, REIT & Business Trusts, Runner Up*



*Sustainability Award, REIT & Business Trusts, Runner Up*

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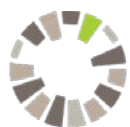


## Governance Index for Trusts 2019



*Ranked 6<sup>th</sup> among 46 REITs and business trusts with a total score of 78.5*

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G R E S B

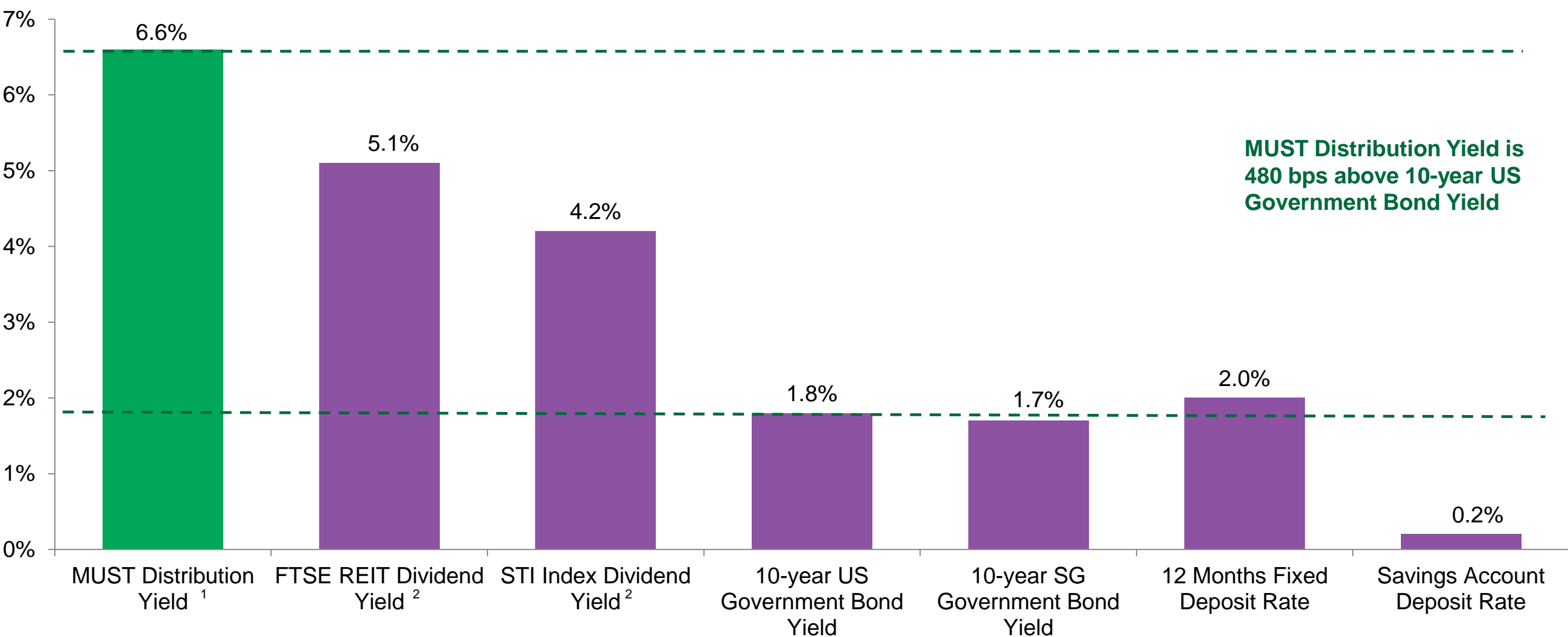
## Global Real Estate Sustainability Benchmark



*Awarded 5 Green Stars with a total score of 93; ranked 3<sup>rd</sup> in peer group of 12 listed U.S. Office REITs*



# Distribution Yield of MUST vs Other Investments



(1) Manulife US REIT FY 2019 distribution yield is based on Bloomberg analysts' consensus over unit price of US\$0.915 as at 25 Oct 2019  
(2) Based on Bloomberg 2019 estimates as at 25 Oct 2019  
Source: Bloomberg as at 25 Oct 2019

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